GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1196
ANSWERED ON:07.03.2008
TAXING FARM SECTOR
Chakraborty Shri Ajay

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to bring the big agricultural firms under the tax net;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE: (SHRI S.S. PALANIMANICKAM)

(a) Under the existing provisions of the Income Tax Act, 1961, agricultural income of any person is exempt from income tax under section 10(1). Currently, there is no proposal to do away with this exemption for any category of persons.

(b) Not applicable.

(c) Taxation of agricultural income is outside the purview of the Union Government as `Taxes on agricultural income` is in the `State List` contained in Schedule VII of the Constitution of India. Agricultural income is included in the computation of income of a person for rate purposes only.